

FILED & ENTERED

MAY 31 2019

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY handy DEPUTY CLERK

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
NORTHERN DIVISION

In re:)
)
CHANNEL TECHNOLOGIES GROUP,)
LLC,)
)
Debtor.)

Case No. 9:16-bk-11912-DS

Adversary No. 9:18-ap-01058-DS

Chapter 11

CORPORATE RECOVERY)
ASSOCIATES, LLC, as Trustee for the)
Liquidating Trust of Channel Technologies)
Group, LLC,)
Plaintiff,)

**ORDER GRANTING
DEFENDANTS' MOTIONS
TO DISMISS PLAINTIFF'S
FIRST AMENDED COMPLAINT
PURSUANT TO FED. R. CIV. P. 12(b)(6)**

v.)
)
BLUE WOLF CAPITAL PARTNERS,)
LLC, BLUE WOLF CAPITAL FUND II,)
L.P., GLADSTONE INVESTMENT)
CORPORATION, BLUE WOLF CAPITAL)
ADVISORS, L.P., BW PIEZO HOLDINGS,)
LLC, FIDUS INVESTMENT)
CORPORATION, FIDUS MEZZANINE)
CAPITAL II, L.P., AVANTE MEZZANINE)
PARTNERS SBIC, LP, AVANTE)
MEZZANINE PARTNERS II, INC.,)
PENGDI HAN, DHAN, LLC, GRANT)
THORNTON, LLP, CTG ADVANCED)
MATERIALS, LLC, CTS CORPORATION,)
ELECTRO OPTICAL INDUSTRIES,)
DUFF & PHELPS, AND CIT BANK, N.A.,)
)
Defendants.)

Date: March 18, 2019
Time: 3:00 p.m.
Place: Courtroom 201
1415 State Street
Santa Barbara, CA 93101

1 Based upon the findings of fact and conclusions of law contained in the Memorandum
2 Decision Re Defendants' Motions to Dismiss Plaintiff's First Amended Complaint Pursuant to
3 F.R.Civ.P. 12(b)(6) ("Memorandum Decision") of even date herewith, it is

4 ORDERED that the Motion to Dismiss Claims Against Grant Thornton LLP in the First
5 Amended Complaint for (1) Avoidance of Actual Fraudulent Transfer Under 11 U.S.C.
6 § 548(a)(1)(A) and 550(a); (2) Avoidance of Constructive Fraudulent Transfer Under 11 U.S.C.
7 § 548(a)(1)(B); (3) Actual Fraud; (4) Constructive Fraud; (5) Unjust Enrichment; and (6)
8 Conversion is granted with leave to amend; and it is further

9 ORDERED that the Motion of Defendants Fidus Investment Corporation, Fidus
10 Mezzanine Capital II, L.P., Avante Mezzanine Partners SBIC, LP, Avante Mezzanine Partners
11 II, Inc. to Dismiss the First Amended Complaint is granted with leave to amend; and it is further

12 ORDERED that the Motion to Dismiss Claims Against Defendants CTG Advanced
13 Materials, LLC and CTS Corporation in the First Amended Complaint is granted with leave to
14 amend; and it is further

15 ORDERED that the Motion to Dismiss the First Amended Complaint by Defendants,
16 Blue Wolf Capital Partners, LLC, Blue Wolf Capital Fund II, L.P., Blue Wolf Capital Advisors
17 L.P., and BW Piezo Holdings, LLC is granted with leave to amend; and it is further

18 ORDERED that Plaintiff, Corporate Recovery Associates, LLC, as Trustee for the
19 Liquidating Trust of Channel Technologies Group, LLC, must file and serve a Second Amended
20 Complaint not later than June 28, 2019, to cure the deficiencies set forth in the Memorandum
21 Decision; and it is further

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1 ORDERED that the Defendants must file and serve a response to the Second Amended
2 Complaint not later than August 2, 2019.

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24 Date: May 31, 2019
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Peter H. Carroll
United States Bankruptcy Judge